



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

August 10, 2004

Jeff Sagers
Terra Resources, LLC
2016 South Montana Avenue
Provo, Utah 84606

Subject: **Second Notice - Delinquent Permit Fees, Further Mining is
Suspended – Enforcement Rules in Effect, Minerals Regulatory
Program**

Dear Mr. Sagers:

*Our records indicate that we have not received your annual permit fee payment(s) for the 2004 fiscal year, which was due on or before July 30, 2004 (see R647-2-101.6, R647-3-1-1.7, and R647-4-101.5). Non-payment of permit fees suspends an operator's authorization to conduct exploration or mining operations until the permit fees have been received by this office. **THEREFORE, YOUR AUTHORIZATION TO CONDUCT EXPLORATION OR MINING ACTIVITIES IS HEREBY SUSPENDED, UNTIL THIS BILLING REQUIREMENT IS RESOLVED.** Please note that the payment of permit fees is required until the site has been formally released by the division.*

You have previously been informed that effective June 1, 2004, Inspection and Enforcement Rules were implemented in the Minerals Regulatory Program, per a 2002 Legislative mandate. Before fully enforcing the rule for non payment of permit fees at this time, the Division will allow you until August 31, 2004 to pay the delinquent permit fees. **If the delinquent permit fees are not received before August 31, 2004, the Enforcement Rules will be imposed and you will be issued a Notice of Violation and a fine could be assessed.** If you are found mining at your site before the fee is paid, another Notice of Violation would be issued and a fine will be imposed. Please be advised that fines are assessed for each separate violation.

We have enclosed a "Delinquency Notice" along with this letter. Please return the bottom portion with your fee payment to ensure the money is posted to

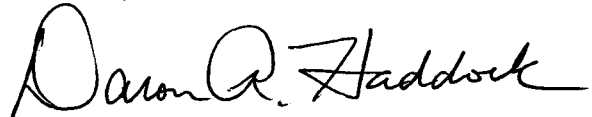
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Second Notice
2004-2005 Permit Fees
August 10, 2004

the correct account. Operations may resume upon our receipt of the required fees.
If you have already sent in your payment, please accept our thanks and disregard this notice.

We hope to avoid taking any enforcement action regarding the fee payments. Please: 1) submit your payment by August 31, 2004; 2) check the box, **if the site is fully reclaimed and revegetated**; thereby requesting a site inspection; or 3) contact us immediately.

If you have any questions regarding this letter, please contact me at (801) 538-5325 or Joelle Burns at 538-5291. Your immediate attention to this matter is imperative.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" being more prominent than the last name "Haddock".

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb
Enclosure: Delinquency Notice
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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Olene S. Walker
Governor
Robert L. Morgan
Executive Director
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Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

TERRA RESOURCES LLC
2016 SOUTH MONTANA AVE
PROVO UT 84606

ATTENTION: JEFF SAGERS

DELINQUENCY NOTICE

Annual Permit Fees (July 2004 thru June 2005)

PROJECT NAME	PROJECT ID	ACRES	BILLING DATE
DOVE CREEK PASS	S030052	NA	06/29/2004
PERMIT TYPE	PROJECT STATUS	ANNUAL FEE	
SMALL MINING OPERATION < 5 ACRES	ACTIVE	\$ 150	

DUE DATE	AMOUNT DUE
07/30/2004	\$ 150

Please see enclosed instructions for payment.

Please retain this portion for your records. For billing information call (801) 538-5291

This portion MUST be returned with your payment to ensure proper credit. THANK YOU

ACCOUNT BILLED			PROJECT NAME		PROJECT ID
TERRA RESOURCES LLC			DOVE CREEK PASS		S030052
DUE DATE	ANNUAL FEE	AMOUNT DUE	<input type="checkbox"/> FEE NOT ENCLOSED		
07/30/2004	\$ 150	\$ 150	Permittee requests an inspection to close out this permit.		
TAX ID OR SOCIAL SECURITY #			Change of Address		
			Contact _____		
			Address _____		
			E-mail address _____		
			State _____ Zip _____		
			Phone _____		

DIVISION OF OIL GAS AND MINING
1594 WEST NORTH TEMPLE SUITE 1210
PO BOX 145801
SALT LAKE CITY UT 84114-5801

Please make check payable to:
Division of Oil, Gas and Mining